## COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF	)		
KENTUCKY, INC., FOR AUTHORITY FOR THE	)	01.00 NO	00 001
ISSUANCE AND SALE OF PROMISSORY NOTES	)	CASE NO.	90-581
AND COMMON STOCK	À		

## ORDER

On October 15, 1990, Columbia Gas of Kentucky, Inc. ("Columbia") filed its application seeking authority to issue and up to \$5,100,000 in principal amount of Installment Promissory Notes ("Notes") and not to exceed 56,000 shares of its authorized but unissued common stock at \$25 par value per share. The combined proceeds of \$6,500,000 will be used to finance the 1990 construction program and other lawful corporate purposes as detailed in Columbia's application. The proposed notes and shares of stock are to be sold to the Columbia Gas System, Inc. ("System"). The Notes will be dated the date of their issue and will have the same terms and provisions as the outstanding nonregistered Notes of Columbia, except that they will be payable in equal annual installments not to exceed 30 years as opposed to 15, 20, or 25 years. The interest rate of the Notes will be equal to System's latest cost of money which currently approximates 9.92 percent.

The Commission, having considered the evidence of record and being other sufficiently advised, finds that the proposed issuance

and sale by Columbia of up to \$5,100,000 in principal amount of Notes and not to exceed 56,000 shares of its common stock at \$25 par value per share are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

## IT IS THEREFORE ORDERED that:

- 1. Columbia be and it hereby is authorized to issue and sell up to \$5,100,000 of Notes and not to exceed 56,000 shares of its common stock.
- 2. Columbia shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the terms, and all fees and expenses involved in the issuance and distribution.
- 3. Columbia shall agree only to such terms and prices that are consistent with said parameters as set out in its application.
- 4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 13th day of November, 1990.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

ommissioner

ATTEST:

Executive Director